

THE SUKHJIT STARCH & CHEMICALS LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARY(IES)

1. Legal framework:

The Regulation 24 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 extends certain principle of corporate governance to Material Subsidiary(ies) of listed companies.

The Board of Directors of Sukhjit Starch & Chemicals Limited (the “Company”) is required to formulate a policy for determining “Material Subsidiary(ies)” to comply with the requirements of regulation 16(c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for such Material Subsidiary(ies).

2. Objective:

The objective of this Policy is to determine the criteria to ascertain Material Subsidiaries of the Company and to prescribe a governance framework for such material subsidiaries.

3. Definitions:

- i. “**Act**” means the Companies Act, 2013 and the Rules made thereunder, including any modifications, amendments, clarifications, circulars or re-enactments thereof.
- ii. “**Audit Committee**” means Committee constituted u/s 177 of the Companies Act, 2013 and/or under Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- iii. “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- iv. “**Company**” means The Sukhjit Starch & Chemicals Limited.
- v. “**Independent Director**” shall have the meaning as mentioned under Section 149 of the Companies Act, 2013 read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi. “**Material Subsidiary**” shall mean a subsidiary whose income or net worth exceeds 10% of the consolidated income or net worth respectively, of the company & its subsidiaries in the immediate preceding accounting year.
- vii. “**Policy**” means this Policy for determining Material Subsidiaries, as amended from time to time.

- viii. **“Significant Transaction or Arrangement”** shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities as the case may be, of the material Subsidiary for the immediately preceding accounting year.
- ix. **“Subsidiary”** shall be as defined under Section 2(87) of the Companies Act, 2013 and the Rules made thereunder.
- x. **“Unlisted Subsidiary”** means a Subsidiary whose equity shares are not listed on any recognized stock exchange.

4. Governance Framework:

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the Unlisted Subsidiary company.
2. The minutes of the Board meetings of the Unlisted Subsidiary companies shall be placed at the Board Meeting of the Company.
3. The management of the Unlisted Subsidiary shall quarterly bring to the notice of the Board of the Company, a statement of all Significant Transaction(s) and Arrangement entered into by the Unlisted Subsidiary/ies.
4. At least one Independent Director on the Board of the Company shall be a Director on the Board of Directors of the unlisted Material Subsidiary, whether incorporated in India or not.

For the purposes of this clause, notwithstanding anything to the contrary contained in the Regulations and the Policy, the term “Material Subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

5. Without the prior approval of the shareholders of the Company by means of a resolution as prescribed under applicable laws/regulations, the Company shall not:
 - 1) dispose of shares in its Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than fifty percent or cease to exercise control over the Material Subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court or Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved;
 - 2) sell/dispose/lease assets amounting to more than twenty percent of the assets of the Material Subsidiary on an aggregate basis during a financial year, unless the sale/disposal/lease is made under a scheme or arrangement duly approved by a Court or Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved or leasing / subleasing of assets done in the ordinary course of business by any subsidiary engaged in the development of infrastructural project and like.

6. Material unlisted subsidiary(ies) incorporated in India shall undertake a secretarial audit and annex with its annual report, a secretarial audit report, given by a company secretary in practice.

Where the Company has a listed subsidiary, which is itself a holding company, the provisions of this policy shall also apply to the listed subsidiary in so far as its subsidiaries are concerned.

5. Disclosures:

This Policy shall be disclosed on the website of the Company and a web link thereto shall be provided in the Annual Report of the Company.

6. Amendments:

The Board may, subject to applicable laws, amend any provision or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy, as it may deem necessary from time to time.

7. Scope and Limitations:

In the event of any conflict between the provisions of this Policy and of the Act or Regulations or any other statutory enactments, rules, the provisions of such Act or Regulations or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.
